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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 000465

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STATE PASS OPIC/OPIC PORTFOLIO MANAGEMENT DIVISION
SCHMITZER AND NGUYEN
DEPARTMENT FOR NEA/ARP, EEB/IFD/OIA

E.O. 12958: DECL: 03/19/2017

TAGS: [ECON](#) [EINV](#) [ENRG](#) [EFIN](#) [AE](#)

SUBJECT: ASSESSMENT OF TAQA AND BOARD MEMBERS FOR OPIC

REF: A. MARCH 7 OPOIC MEMORANDUM REQUEST

- [1](#)B. ABU DHABI 193
- [1](#)C. 06 ABU DHABI 4579
- [1](#)D. 06 ABU DHABI 4360
- [1](#)E. 04 ABU DHABI 3412

Classified By: Ambassador Michele J. Sison for reasons 1.4 (B & d).

[1](#)1. (SBU) Embassy offers the following comments about the Abu Dhabi National Energy Company (Taqa), the Abu Dhabi Water and Electricity Authority (ADWEA), the Farmers' Fund, and board members in response to ref a request for information. We do not have any information on the entities or individuals with respect to potential ties to terrorism, money laundering, corruption, or violations of law. We do have some contextual information on the institutions and on some of the individuals that we provide for OPIC's information.

[1](#)2. (C) Abu Dhabi, the richest and most powerful of the seven emirates that make up the UAE, has been engaging in a cautious process of partial privatization of some of its key infrastructure. These partial privatizations allow the government to maintain majority ownership but to bring in foreign partners and/or to develop the local stock market further and spread the benefits of equity ownership among UAE nationals. Board members for these parastatal companies tend to be from key families and/or are trusted senior government officials. The Chairman of Taqa and the Chairman of ADWEA are, for example, both members of the Emirate of Abu Dhabi's cabinet -- The Executive Council. The Chairman of ADWEA is a member of the ruling family of the Emirate of Abu Dhabi. The Executive Council determines how Abu Dhabi's oil wealth is spent. (Note: Abu Dhabi has around 95% of the oil and gas reserves in the UAE. Constitutionally oil and gas reserves belong to the individual emirates in which they are located, not to the UAE as a whole. By virtue of the emirate's wealth, Abu Dhabi provides much of the funding for the UAE federal government and almost all of the foreign assistance provided in the name of the UAE.

[1](#)3. (C) Although UAE companies and financial institutions understand the requirements of due diligence, there is sometimes a sense of deference to large, well-established families -- including many of those on the boards of Taqa, ADWEA, and the Farmers' fund. In the past UAEG officials have also noted that -- as a friendly government -- consideration should be given to their parastatal companies and government investors. During the debate on DP World, the UAE pushed for positive USG statements on the relationship. It is possible that the UAEG would make a political push for having OPIC maintain its loan to the power project in Morocco that Taqa has bought into. Although the UAEG has stressed that the ultimate failure of the DP World purchase of port assets in the U.S. was a commercial issue and would not

affect the bilateral relationship, they have taken pains to comment that the action could serve to discourage investment in the U.S. It is also possible that Abu Dhabi will just pay off the loan rather than subject the Taqa/ADWEA/Farmers' Fund board members to excessively intrusive scrutiny.

Corporate Entities

14. (U) Taqa is an Abu Dhabi energy company, established in 2005, that is majority owned by the government of the Emirate of Abu Dhabi (the richest of the seven emirates in the United Arab Emirates). The Abu Dhabi Water and Electricity Authority owns 51% of the company and the Farm Owners' Fund owns a further 24.1% of Taqa. The remainder of the shares are traded on the Abu Dhabi Stock Market, but are only open to investment by UAE nationals. Taqa, through its subsidiaries, provides about 85% of the water and electricity in the Emirate of Abu Dhabi and is becoming a vehicle for the Emirate of Abu Dhabi's overseas energy investments.

15. (SBU) The Abu Dhabi Water and Electricity Authority (ADWEA) was established by the Government of the Emirate of Abu Dhabi to oversee the restructuring of the Emirate's water and electricity sector and to supervise the government's efforts to partially privatize the sector. ADWEA is a government of Abu Dhabi institution. Embassy has had discussions with ADWEA in its government capacity over the past two years. ADWEA was designated as the Abu Dhabi entity responsible for organizing the shipment of two used generators to Iraq to meet Iraqi power needs. Ultimately, the UAE did not provide these generators to Iraq. In 2004, post discussed Abu Dhabi's exploration of building a nuclear power plant for power and water generation. ADWEA signed an MOU with the South Korean Ministry of Science and Technology

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to conduct a feasibility study on nuclear power for electricity and desalinization.

16. (C) The Farmers' fund was created by the Abu Dhabi government to provide an income stream to Abu Dhabi farmers. In 2005, the Emirate of Abu Dhabi apparently began to phase out some of its direct subsidies to farmers (which had put significant stress on ground water reserves). The farmers' fund helps to ensure that Abu Dhabi farmers continue to receive an income stream.

Individuals

17. (C) Sheikh Diyyab bin Zayed Al-Nahyan is the 16th son of the late UAE President and Founder Sheikh Zayed Al-Nahyan and a half-brother of the current president. He was born in 1972 and attended UAE University. He was appointed to the Abu Dhabi Executive Council in 2005.

18. (C) Hamad Al-Hurr Al-Suwaidi is the Under Secretary (number two) of the Abu Dhabi Department of Finance and a board member of Abu Dhabi's major overseas portfolio investment vehicle, the Abu Dhabi Investment Authority (ADIA). He is also a member of the Emirate Executive Council. He was born in Abu Dhabi in 1965 and studied in the U.S. on a scholarship. He obtained his B.S. in Business Administration from Dominican College in 1987 and his Master's in Financial Management from California State University San Bernardino in 1991. He worked in the North American department at ADIA, and as Deputy Manager of ADIA's London office from 1992-94. He then worked as deputy manager at ADIA's European department. In 1996, he moved to the Department of Finance where he served as Assistant Under Secretary until his appointment as Under Secretary in 2004.

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Al-Suwaidi has been a good contact for the Embassy, approachable and knowledgeable. Within the context of his

job, he is also remarkably open and candid.

19. (SBU) Ahmed Saif Al-Darmaki, the Vice Chairman of Taqa, has been an occasional contact of the Embassy's since 2004 on several issues discussed above. We have found him to be generally willing to meet and have discussions within his area of competence.
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